Oshkosh Truck Corporation Program Management Plan

Logistics Integration Support (LIS) of Secondary Repairables (SECREPs)

Submitted To:
Marine Corps Logistics Command
Contract Department Code 891
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LIST OF ACRONYMS

ANSI	American National Standards Institute
ATAC	Advanced Traceability and Control Program
B2B	Business-to-Business
BER	Beyond Economical Repair
BOA	Basic Ordering Agreement
BPA	Blanket Purchase Order
BSM	Business System Modernization
CDS	Contractor Delivery Support
CLS	Contractor Logistics Support
CONUS	Continental United States
COR	Contracting Officer's Representative
COTS	Commercial-Off-the-Shelf.
CWT	Customer Wait Time
DAAS	Defense Automatic Addressing System
DAASC	Defense Automatic Addressing System Center
DDN	Defense Data Network
DFAS	Defense Finance and Accounting System
DIFM	Due In for Maintenance
DLA	Defense Logistics Agency
DoD	Department of Defense
DOS	Days of Supply
DVD	Direct Vendor Delivery
DVS	Direct Vendor Support
E-Cat	Electronic Catalog
EC/EDI	Electronic Catalog Electronic Commerce/Electronic Data Interchange
EDI	Electronic Data Interchange
ERMS	E-Retrograde Management System
ESTS	En-route Support Transportation System
FAR	Federal Acquisition Regulation
FFF	Firm Fixed Fee
FFP	Firm Fixed Price
FLS	FORCE Logistics System
FMF	Fleet Marine Force
FOD	Foreign Object Damage
FSSG	Force Service Support Group
GCO	Government Contracting Officer
GFE	Government Furnished Equipment
IPV	Industrial Prime Vendor
IT	Information Technology
JIT	Just-in-Time
KLS	Kwajalein Logistics Support
LIS	Logistics Integration Support
LTL	Less-Than-Truckload
MEF	Marine Expeditionary Force

LSI	Logistics Support Integrator
MCPO	Marine Corps Program Office
MHE	Materiel Handling Equipment
MSC	Maritime Support Concept
MTBF	Mean Time Before Failure
NSN	National Stock Number
O&A	Over and Above
OCONUS	Outside Continent of United States
OEM	Original Equipment Manufacturer
OST	Order Ship Time
QDR	Quality Deficiency Report
QM	Quality Management
RIP	Repairable Issue Point
ROC	Regional Operations Center
ROD	Report of Discrepancy
ROR	Remanufacture/Overhaul/Repair
RSR	RIP Site Representative
SECREP	Secondary Repairable
SCAR	Supplier Corrective Action Request
SOO	Statement of Objective
TAC	Transportation Account Code
TAT	Turn Around Time
USMC	United States Marine Corps
WWW	World Wide Web

1.0 EXECUTIVE SUMMARY

Oshkosh Truck Corporation (OTC) has been selected as the United States Marine Corps' Logistics Support Integrator (LSI) for selected Secondary Repairables (SECREP's). OTC's scope of work is to provide remanufacture/overhaul/ repair (ROR) of selected SECREPs in support of the Marine Corp's Medium Tactical Vehicle Replacement (MTVR). In this role, Oshkosh, through the use of selected vendors for ROR (as appropriate for this specific type of SECREPS) will ensure a quality product and manage all associated logistical functions. The logistics support functions include, but are not limited to: subcontracting of qualified vendors, sourcing of the SECREPs for ROR, coordinating and financing transportation requirements upon request of the Government, warranty administration and management, data collection and analysis to facilitate essential maintenance management functions such as SECREP failure analysis and calculation of SECREP Mean Time Between Failure (MTBF). In accordance with the authorized Task Orders and Statement of Work (SOW), OTC will provide the above mentioned logistics support services on a global basis, to include unforeseen surge requirements and contingency operations support. OTC will provide a firm fixed price (FFP) for ROR/exchange of each SECREP included in the task order. When available OTC will provide the specific details of the work to be performed (including component parts to be replaced) during the ROR process as part of the proposal for pricing and terms on a SECREP. Oshkosh has the capability to provide warranty information to the Marine Corps through the use of the Contract Logistic Service (CLS) website (www.otccls.com). The Marine Corps' data/information access requirements include, at a minimum, warranty information, in-transit visibility of all shipments, trend analysis, and Mean Time Between Failure (MTBF) data. OTC's extensive efforts to select the best vendors will provide the highest quality product to the Marine Corps. The selection involved in the identification of subcontractors by OTC included looking at the quality of workmanship, the commitment to make this task a priority and the capability of producing fast turn around times on a product. OTC's role as the LSI is to provide the Marine Corps with a single point of contact for all matters regarding the ROR outsourcing of MTVR SECREPs. OTC, the OEM of the MTVR, will best support the SECREP's needs of the Marine Corps by ensuring quality, availability, and current configuration control of the SECREPs provided by Oshkosh. Outlined below is how OTC defines Remanufacture/Overhaul/Repair to represent their processes.

Remanufacturing is the process of returning a used, worn out, or otherwise unserviceable item/assembly to a condition that is as close to new as possible. The item/assembly is completely disassembled, cleaned, inspected, re-machined, reassembled, aligned/calibrated, and tested to ensure functional operation and conformance to quality standards. All core items are reworked to meet all of the original equipment manufacturers specifications thereby ensuring that the remanufactured item/assembly meets original equipment specifications. Wearable component parts such as bearings, rings, pistons, and gaskets are automatically replaced. Remanufactured items/assemblies are returned to a like new condition with regard to performance and reliability.

Overhaul is the complete disassembly, cleaning, evaluating, and reassembly of an item/assembly (to include all of its components and sub-components) for the purpose of replacing any parts that are out of tolerance for serviceability. Component parts that are within

acceptable tolerance are reused. Although overhauled items/assemblies meet OEM performance standards, the reliability (life expectancy) is less than a remanufactured or new item/assembly.

Repair involves rework/replacement of failed component part(s) to restore an item/assembly to a serviceable condition that performs within the OEM's specification tolerances. Disassembly and reassembly of the item/assembly is limited to the extent necessary for rework/replacement of failed component part(s).

The following paragraphs provide functional details of these concepts and tasks, along with the roles and responsibilities of both the Marine Corps and Oshkosh Truck Corporation.

2.0 ORGANIZATIONAL STRUCTURE

The program and organizational structure that will be used to manage SECREP items is depicted below in Figure 1. This structure provides corporate management and control over the planning and execution for ROR of SECREPs.

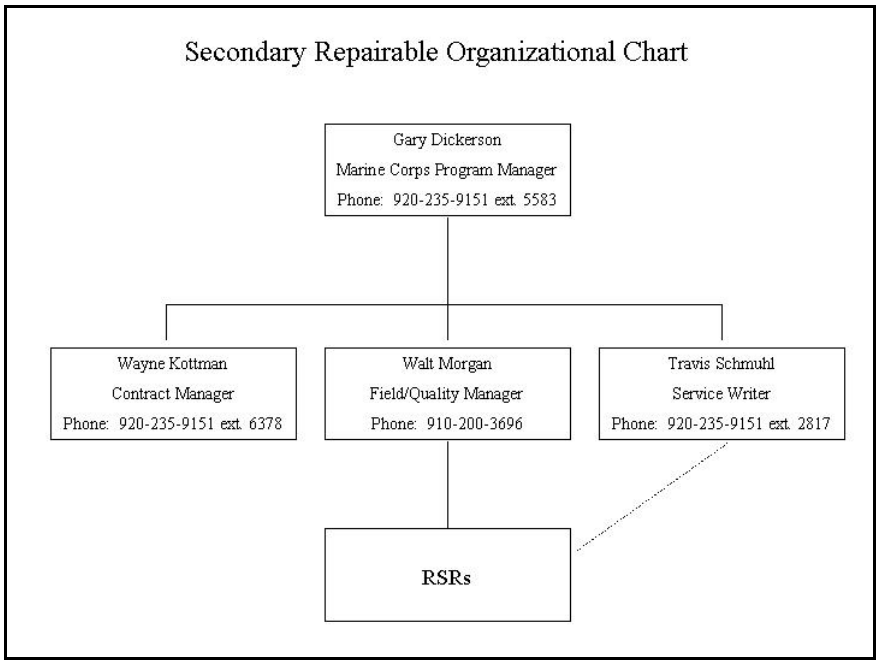

Figure 1

PMO Office:
The Oshkosh Truck Corporation, Program Management Office (PMO), located in Oshkosh, WI, provides program management support, program status reporting, financial reporting, and contract management support.

RIP Sites:
Oshkosh Truck Corporation personnel will be co-located at the specified Reparable Issue Point (RIP) locations and will provide a focal point for customer support. Oshkosh Truck Corporation personnel will be in charge of material movement and processes at these locations to include, but not limited to, configuration management, material turn-in, SECREP inspection, shipping and receiving, data entry, materiel issue, and warranty claims registration/submittal.

Quality Management:
Provides quality assurance support for SECREPs. The Quality Management staff is co-located at the PMO in Oshkosh, WI. The SECREP LIS contract is designed to provide a responsive, reliable, cost effective supply chain solution to the Marine Corps' requirements for component Remanufacture/Overhaul/Repair of selected SECREPs.

2.1 Short Term Objectives:
Warranty Management:
The short-term objectives for warranty management include automated identification of warranted SECREPs that fail within their warranty periods. Warranty tracking will be managed through the CLS website. This will ensure timely resolution of warranty claims, as well as monthly oversight and reporting of warranty activity.

Tracking Life Cycle Costs:
All SECREPs on-contract with Oshkosh Truck Corporation will have an end of year accounting report. Marine Corps' Program Managers will be able to use this information to assist in determining annual SECREP costs.

Transportation:
There will be total asset visibility on all shipments of material. We will use the government's E-Retrograde Management System (ERMS) and Advanced Traceability and Control Program (ATAC) programs to ship and obtain tracking information for Government shipments of SECREPs. We will use commercial tracking numbers in support of Oshkosh arranged shipments for those items not shipped via ERMS when directed/requested by the Government.

Order Ship Time/Customer Wait Time:
Oshkosh Truck Corporation has established a responsive and strong vendor base. Oshkosh Truck Corporation's transportation department will assist in the coordination of deliveries providing efficient delivery to the RIP sites when requested by the Government. Oshkosh will normally use the government's ERMS to ship items to vendors and return of items to the RIP site filling their requirement.

Vendor Management:
As the Logistic Support Integrator for the SECREP LIS program, Oshkosh Truck Corporation will manage all of its subcontracted vendors, thus eliminating any need for the Marine Corps to interact in any way with Oshkosh Truck Corporation vendors. Oshkosh Truck Corporation will be the Point of Contact (POC) for all activities associated with the ROR of the SECREPs under contract to Oshkosh. This concept substantially reduces the Marine Corps' logistic management burden of dealing with a multitude of vendors.

Surge Management:
In order to adequately reduce SECREP program risks and ensure the constant availability of surge capabilities, Oshkosh Truck Corporation has alternate vendors who can provide the same quality of work to meet unforeseen surge demands. Additionally, Oshkosh Truck Corporation is working on creating a safety stock of specific high turnover items/NSN's to better prepare for potential surges.

Serial Number Tracking:
The CLS website will be designed to provide complete visibility and tracking of SECREPs by their NSNs and serial numbers. All activities associated with the SECREPs will be kept in historical data files, by serial number, which can easily be accessed for audit trail, trend analysis, and warranty consideration.

Configuration Management:
Oshkosh's configuration control board will be utilized to baseline the configuration of each SECREP IAW the specification of the NSNs assigned as ROR. This will ensure for Marine Corps applications, uniformity of each applicable SECREP, and provide a process for identification and recommendation for configuration change proposals.

Modification Tracking and Implementation:
All SECREPs turned-in for ROR will have all Marine Corps approved modifications applied. In the event that required modifications have not been applied, Oshkosh Truck Corporation will notify the Marine Corps Program Office (MCPO) of the modification costs and lead time required to implement the configuration changes. The MCPO may either authorize Oshkosh Truck Corporation to incorporate the applicable modifications (via the Government Contracting Officer (GCO), who will issue a formal task order modification), or provide authorization to deviate from the established configuration requirements. Modifications applied to SECREPs will be recorded and kept on file for easy lookup.

2.2 Long Term Objectives:

Mean Time Between Failure (MTBF) Calculations:
When a SECREP is issued to the Marine Corps, the part number of the SECREP and its serial number will be loaded into the CLS website. When the SECREP item is subsequently returned for ROR, Oshkosh Truck Corporation will match the issue date and the new turn-in date, and calculate the time between issue and failure for that particular service application. Each SECREP NSN will have an accurately calculated MTBF relative to the time between issue and failure.

Predictive Forecasting:
After collection of sufficient failure data, Oshkosh Truck Corporation will calculate MTBF on all SECREPS. A minimum of two years of data collection is required to test the program and three years to implement. Based upon the calculated enterprise-wide failure rates for each of the SECREPs, trends should become obvious.

3.0 IMPLEMENTATION PLAN

The MCPO and Oshkosh Truck Corporation's Program Office will jointly coordinate implementation of the SECREP Program. Oshkosh Truck Corporation recommends a sequentially prioritized phase-in of each site. This approach provides sufficient time to establish the essential elements required to phase-in a program to ensure that essential elements such as personnel, IT/ADPE support, supply chains, and subcontractor agreements are all functioning properly. Specifically, Oshkosh Truck Corporation recommends the following blueprint for this approach:

1. MCLC Albany, GA
2. Camp Pendleton, CA
3. Camp Lejeune, NC
4. Okinawa, Japan.

3.1 RIP Phase-In

MCLB Albany:
The first RIP to be stood up will be the RIP established at MCLC, Albany to support the SECREPs returning from Operation Iraqi Freedom (OIF). During February 2006, Oshkosh Truck Corporation will have experienced personnel in place to assist and manage the flow of SECREPs from Albany to the commercial ROR vendors and back to the Marine Corps.

Camp Pendleton, CA, I MEF:
This will be the second MEF RIP to be phased in approximately thirty days after MCLB Albany has been established and fully operational.

Camp Lejeune, NC, II MEF:
Oshkosh Truck Corporation plans to have this RIP site stood-up within thirty days of Camp Pendleton's RIP site being established and fully functional.

Okinawa, Japan III MEF:
Oshkosh Truck Corporation plans to have this RIP site stood-up within thirty days of Camp Lejeune's RIP site being established and fully functional.

Background:
The Marine Corps maintains a number of inter-related legacy systems that currently support requisition management. At the maintainer level, Marine Corps Integrated Maintenance Management System (MIMMS) or Asset Tracking Logistics and Supply System (ATLASS) II Plus (A2P) tracks everything undergoing maintenance. MIMMS/ATLASS, in turn, interface with Support Activities Supply System (SASSY) for repair part requisitioning and receipt. SASSY then interacts with suppliers and the Marine Corps Standard Accounting, Reporting and Budget System (SABRS). The Defense Financial and Accounting Service (DFAS) uses the data in SABRS for the accounts payable process (validating and paying supplier invoices). The supply systems interface with non-Marine Corps suppliers via the Defense Automated Address System Center (DAASC). This interface uses Military Standard Requisitioning and Issue Procedures (MILSTRIP), Military Standard Transaction Reporting and Accounting Procedures

(MILSTRAP), and equivalent Electronic Data Interchange (EDI) formats.

Processes:
Step 1. RIP personnel will present the unserviceable SECREP to the Oshkosh Truck Corporation's RIP Site Representative (RSR).

Step 2. The RSR will accept the configuration of the SECREP or reject it for any cause that would inhibit remanufacture, overhaul or repair (ROR). If the RSR deems the SECREP unacceptable, the RIP must decide whether to apply additional funds to accomplish the ROR or to requisition a new item from the SOS.

Step 3. If the RSR accepts the unserviceable SECREP, the RIP will issue it to the Oshkosh Truck Corporation Representative.

Step 4. The RIP creates a requisition and a due-in using a SASSY ZBE transaction.

Step 5. Marine Corps Logistics Command (LOGCOM) compiles all SASSY ZBE's and A2P open purchases for Oshkosh Truck Corporation to create a demand for this item in the OTC system.

Step 6. For each ZBE dataset compiled in step 5, LOGCOM creates a corresponding A3_ transaction and appends it to the SASSY output to SABRS. This transaction creates an obligation in SABRS for the amount listed on the contract delivery order.

Step 7. For each ZBE dataset received by Oshkosh Truck Corporation a response will be fed back creating a contract delivery order.

Step 8. Upon receipt of the ZBE Oshkosh Truck Corporation will process the physical receipt of the corresponding unserviceable SECREP mentioned in Step 3. Oshkosh Truck Corporation will check to see if the SECREP has been serviced under this program before and will initiate a warranty action if appropriate.

Step 9. The RSR or OTC Program Office initiates shipment of the unserviceable SECREP to the ROR vendor. The RIP will supply material handling equipment (MHE) if required to load equipment from dock to truck.

Step 10. Status of the SECREP while at the ROR vendor is tracked by CLS website providing an estimated delivery date (EDD).

Step 11. An ROR'd SECREP is sent from OTC or the ROR vendor to the submitting RSR. Again, the RIP will supply MHE as required to load equipment from truck to dock.

Step 12. The RSR retains possession of the ROR'd SECREP until the item is inspected for completeness, damage in shipment, or obvious quality deficiencies. If a discrepancy is noted the SECREP is placed in quarantine until it is resolved by the OTC PMO and the MCPO.

Step 13. The RSR then issues the ROR'd SECREP to the RIP.

Step 14. The RSR/designated Oshkosh personnel will document the issue by inducting a digital DD-250 format into Wide Area Workflow (WAWF) using the Service Work Order Form (SWOF) as back up for the SECREP.

Step 15. The RIP inducts a D6T transaction to expense the document in SABRS and acknowledge the receipt of the acceptable ROR'd SECREP.

Step 16. Based on Step 15, LOGCOM inducts a receiving report into WAWF to electronically notify DFAS that the acceptable ROR'd SECREP. (In effect, signing the DD-250).

Step 17. When WAWF sees the contract, the DD-250, and the receiving report it will allow invoicing to pass to the rollup document number registered at DFAS for that particular RIP.

Step 18. DFAS will note that sufficient funds are available in the SABRS account for that particular RIP.

Step 19. DFAS will pay Oshkosh Truck Corporation in accordance with the terms of the contract.

Step 20. Oshkosh Truck Corporation will produce a monthly accounting report for each RIP and transmit them via email to the organizational mailboxes identified in the statement of work (SOW). The RIPs are required to reconcile this report and submit discrepancies as noted back to the OTC PMO and MCPO for resolution.

4.0 BEYOND ECONOMICAL REPAIR (BER) CORES

A "core" is defined as the fundamental component of a SECREP and may include "sub-core" items. Using an engine as an example its "cores" consist of an engine block assembly, cylinder head(s), crankshaft, and its connecting rods. Its sub-core items are the starter, alternator and steering pump (if a part of the configuration). The inspection performed by the RSR in Step 2 is intended, in part, to identify any missing items and minimize unanticipated charges. Unfortunately, it is not possible to positively determine a SECREP's suitability for ROR until there is a complete teardown and evaluation performed by the vendor. Numerous conditions cannot be visually detected, thus various types of non-destructive testing (such as magna-fluxing) must be conducted to ascertain a core item's true condition and ensure the SECREP's overall reliability. If a core item is found to be unsuitable, three possible scenarios exist.

Replacement Core Included in the FFP:
For some SECREPs, the ROR cost includes an anticipated Beyond Economical Repair (BER) rate. This typically happens when there is a supply of core items readily available (at a relatively minimal cost) to the ROR facility. In this case an unsuitable core is a non-issue. The RIP merely receives the SECREP with a different core than the one they submitted without any financial impact.

Replacement Core Furnished:
If the contracted price does not include replacement of unsuitable cores, the Marine Corps may be offered the option to provide a replacement core item (as GFM) from their supplies. Once again, there would be no impact on the Marine Corps, other than a corresponding ROR production delay (as long as the core item required is shipped at Government expense)

Replacement Core Purchased:
In some cases, Oshkosh Truck Corporation vendor base has core items available at significantly reduced costs in comparison to acquisition of new items. These unplanned costs (categorized as Over and Above (O&A) costs) would be submitted to the Government's Contracting Officer (GCO) for approval before the ROR work may proceed. In all anticipated cases where the core or sub-core items may not be suitable for ROR, a FFP (for each of the component core/sub-core items) will be submitted as part of Oshkosh Truck Corporation's proposal on a candidate SECREP NSN that has been identified as requiring additional items.

5.0 OVER AND ABOVE PROCESS

Normally, billing for the ROR services will be as indicated by the standard ROR cost on the task order. There will be instances, however, when the cost to ROR will exceed this amount. These costs are referred to as Over and Above (O&A) costs. There will be two types of O&A costs, pre-negotiated and non pre-negotiated.

Pre-negotiated O&A costs will be part of the CLIN structure of the task order. It will apply agreed upon cost increases for anticipated broken/missing components not covered in standard ROR costs. To invoke a pre-negotiated cost increase, Oshkosh Truck Corporation must notify the concerned RIP and receive authorization to proceed with the repair/replacement of these components. Absent authorization by the RIP for the application of the pre-negotiated cost increase, all action on the ROR of that SECREP will cease.

Non pre-negotiated O&A requests seek to apply additional costs for unanticipated increases in the ROR cost for a SECREP. These costs are not covered in the contract and require the authorization of both the RIP and the GCO. Action on the ROR of that SECREP will cease pending receipt of both authorizations. O&A additional costs will be provided by Oshkosh using the parts & labor rates established in the MTVR CLS Contract.

At present all requests for pre-negotiated O&A cost authorization will be sent to the organizational mailbox of the concerned RIP and a courtesy copy to the COR at LOGCOM. All requests for non pre-negotiated O&A cost authorization will be emailed to both the concerned RIP and the GCO and courtesy copy the COR at LOGCOM.

Retrograde of Unserviceable SECREP:
The unserviceable SECREP is routed from the maintenance unit to the RIP and then to the RSR co-located at the RIP.

1. **Visual Inspection**: Upon physical receipt of the SECREP, the asset is inspected to verify NSN, Serial Number, Configuration and an inspection to verify the asset is complete and

has no missing or obvious damaged core items (that would render them as unsuitable in the ROR process) associated with it.

2. **Ship to Vendor:** Once the assets have been inducted into the Oshkosh Truck Corporation ROR chain the CLS website will be updated and kept current at all times. Transportation and receipt status will be accessible through shippers tracking numbers. Oshkosh Truck Corporation will monitor the shipment to the final destination(s) and ensure vendor receipts have been posted.

3. **Review PO and Teardown:** Oshkosh Truck Corporation will prepare a purchase order and authorize its vendor to proceed with a teardown and evaluation of the SECREP. Provided the SECREP is complete and otherwise configurationally correct, the purchase order will authorize the vendor to continue ROR of the SECREP. Teardown and evaluation charges will be charged, when applicable, in accordance with the MTVR CLS allowable rates.

4. **Upon Completion of the ROR, Provide Shipping Instructions:** Upon completion of the ROR, the vendor will electronically notify Oshkosh Truck Corporation that they have completed the ROR process. A final review of the purchase order will be processed to ensure completion and shipping instructions have been made.

5. **Receiving Inspection:** Upon receipt of the SECREP at the RIP, the RSR will perform a receipt inspection. Verification of NSN, serial number and condition will be noted. If a discrepancy is discovered, the materiel will be segregated in the warehouse, and Oshkosh Truck Corporation will proceed to implement a corrective action plan. If there are no discrepancies, the SECREP will be processed then routed to the Marine Corps' RIP personnel.

6. **Warranty Process:** Upon receipt, Oshkosh Truck Corporation will enter the information into the CLS website. At this point the Warranty period for the SECREP will begin. If warranty information needs to be acquired by the Marine Corps, they can do so through the CLS website.

7. **Issue of the SECREP**: After the previous steps have been completed, the RIP will issue the SECREP to the Marine Corps maintenance unit.

6.0 ADDITION AND DELETION OF SECREP NSNS

Addition and deletion of NSNs on the SECREP task order will be managed utilizing the precepts of the SOW, along with the following process:

1. All SECREP NSNs are researched with the Marine Corps to ensure that the part numbers associated with the NSN are correct.

2. SECREP configuration will be reviewed with the MCPO to ensure that proper configuration applicable to the weapon system application(s) is/are maintained.

3. The core components that make up a SECREP will be detailed, such as cylinder heads, a crankshaft, and an engine block, etc.

4. A ROR price, Turn Around Time (TAT), warranty terms, etc. will be proposed.

5. Transportation costs will be proposed.

Once the 5-step process has been completed, the NSN and supporting information will be forwarded through Oshkosh Truck Corporation. The NSNs will be submitted for review/consideration for incorporation into the SECREP LIS task order. In accordance with the SOW, NSN reviews may be conducted on an "as required" basis at the request of either party. At a minimum, reviews shall be conducted semi-annually. All SECREPs affected by this effort, currently and in the future, will be identified in an attachment to the SOW, or amendments thereto, as authorized by the Government and Oshkosh Truck Corporation. If an item has been superseded or is obsolete, and is no longer required by the Marine Corps, the SECREP NSN will be removed from the contract task order.

7.0 QUALITY ASSURANCE PROGRAM

Oshkosh's Quality Assurance Program is based upon our business and performance management strategies and principles, and our ISO 9001:2001 quality doctrine. As the OEM of the MTVR and the SOS for the Class IX parts under contract to the Marine Corps, Oshkosh has a demonstrated performance history of over four years in providing quality product to the field. Our expertise in quality of product will be utilized in the evaluation of all vendors in support of this SECREP program. Oshkosh takes pride in its number one performance goal of "Customer Satisfaction through Continuous Improvement". The Oshkosh Quality Program will ensure all vendors are compliant with OEM specifications of each SECREP and are measured on performance and quality of product produced and delivered. Oshkosh will establish a reporting system that will track any of the below quality occurrences:

- Customer complaint regarding quality
- Low service time failure (premature failures)
- Receiving inspection failure
- When otherwise deemed appropriate by program/quality management
- Buyer/accounting deficiencies.

This system will produce a Supplier Corrective Action Request (SCAR) that will be forwarded to Oshkosh's vendor(s) for resolution. We will allow 15 days for a satisfactory response from the vendor, and we will not permit payment to a vendor until the SCAR is satisfactorily answered. Vendor responses will be analyzed for quality and, if acceptable, entered into the computer database. The data collected will be used to update benchmarks, perform statistical trend analysis to determine if a performance deficiency exists, and analyze any performance deficiencies to determine root causes such as:

- Vendor performance
- Isolated incidents where no trends exist
- Design problems requiring an engineering change

If a performance deficiency is identified as a result of vendor performance, Oshkosh Truck Corporation will resolve the discrepancy with the vendor. If we are unable to resolve the issue, future RORs of the SECREPs will be sent to another subcontractor. We will notify the MCPO if a performance deficiency is believed to be caused by the operator/maintainer. If the problem is caused by design, we will investigate whether the OEM has developed (or is developing) any design changes. All change proposals will be coordinated with the MCPO. The main goal of our quality approach will be to ensure that all services provided meet the Marine Corps' requirements and any potential problems are mitigated as soon as they are identified.

8.0 CONFIGURATION MANAGEMENT

The Marine Corps is responsible for providing Oshkosh Truck Corporation with configuration information for each SECREP included in the LIS task order and will notify Oshkosh Truck Corporation of any changes. Oshkosh Truck Corporation will ensure that all Oshkosh Truck Corporation, RIP Site Representatives (RSRs) are aware of the current configuration requirements for each SECREP, as well as any future changes incidental to Marine Corps approved Engineering Change Proposals (ECPs) and modifications. Additionally, all RIP sites will maintain current configuration inspection/acceptance sheets (to be developed and distributed by the ROC) for each of the LIS program SECREPs. All SECREPs that are turned in for ROR will be visually inspected by the RSR to determine completeness, correct configuration, and ROR suitability. If the SECREP is missing parts, Marine Corps personnel at the RIP site will be advised and a resolution coordinated. In the event that teardown and ROR evaluation of a SECREP reveals missing embedded component items, Oshkosh Truck Corporation will notify the Marine Corps Program Office (MCPO) to obtain approval and equitable reimbursement for the missing items.

A joint research effort between Oshkosh Truck Corporation and the Marine Corps will be conducted during contract implementation, to establish a base line and ensure SECREP configuration integrity is maintained. Configuration Check List Sheets will be created for each NSN. This data will be kept current in a web-based program for access by all personnel involved in the LIS program.

Upon turn-in of an unserviceable SECREP to Oshkosh Truck Corporation, a receipt inspection will be conducted by the RSR prior to shipment to the ROR vendor. Any deviations from the established configuration (to include missing components) will be annotated on the Configuration Check List Sheet, and the SECREP will be quarantined in the RIP warehouse pending resolution.

8.1 Product Improvement:

The Oshkosh Truck Corporation Program Office will work closely with the Marine Corps and the vendor network for product improvement. Remanufacturing services companies often recommend modifications or improvements to be incorporated into the remanufacturing of

assemblies. Often the improvements reduce life cycle costs and enhance performance simultaneously.

When a vendor suggests an improvement, Oshkosh Truck Corporation will review the suggested improvement and forward the suggestion to the MCPO for review. If approved, the Oshkosh Truck Corporation will work with the vendors to ensure correct processing and integration. The Oshkosh SECREP team has experience in both the military and commercial sectors of maintenance and is well versed in submitting modifications and improvements that lead to cost reductions, performance enhancements, and life-cycle extension to components.

9.0 WARRANTY MANAGEMENT

9.1 Warranty

Oshkosh will manage and administer all vendor warranties on SECREPs included in the SECREP contract task order, on behalf of the Government. The Marine Corps will receive a SECREP via the RSR from ROR, and the item will typically be placed into stock, or sent out as part of a logistics support package, where it may reside in stock for an undetermined time. Oshkosh will work with our team of vendors on future SECREP proposals and, whenever possible, establish warranty criteria that starts from the time of installation and also provides coverage during storage periods. This will have to be uniquely negotiated with each ROR vendor, and individually for each SECREP. Oshkosh will endeavor to mitigate the risk of a missed warranty, and avoid unnecessary costs to the Marine Corps. Oshkosh will affix a warranty tag on all SECREPs that have been returned from ROR. The tag will have all applicable ROR information on it, to include: Oshkosh's purchase order number, NSN, serial number, receipt date, and blank spaces for manual entries such as issue dates, unit addresses and vehicle number if applicable at the time of issue. This data will be available to the MCPO, RIPs, and maintainers via a website (to be established). Oshkosh is developing a comprehensive warranty management system as an integral component of the CLS website. When items are received from a vendor after remanufacturing, Oshkosh performs a receiving inspection and inputs the appropriate SECREP and vendor registration data into the Warranty Tracking database on the CLS website. The CLS site will maintain warranty times, and criteria. If the Marine Corps turns-in a SECREP that is still within the established warranty time, Oshkosh will alert the RSR to submit a warranty claim. All warranty OSTs will be the same as the contractually established ROR OSTs.

Oshkosh's warranty management process goes beyond the tracking of warranty times and submissions and takes a proactive approach of asset control/configuration, customer satisfaction, and supplier management. Program, procurement, and quality management ensure that our customers are given the best product available by monitoring all suppliers. Attributes such as actual costs, warranty requested/accepted, and turn time are compared to the benchmarks that have been established and requested, and are utilized to monitor and grade our vendors. Oshkosh has established a 10-step process for the submission, tracking, and management of claim. The process includes:

Quality Manager Reviews Request: The Quality Manager (QM) is notified that a warranty situation has occurred and ensures proper documentation and submission of the warranty claim. Pertinent data is also collected into a vendor management database for Warranty analysis and identification of a vendor deficiency.

Warranty Claim Initiated: A formal warranty claim is submitted to the vendor for review, verification, and resolution. The Quality Manager will generate a Warranty Review Request.

Asset Shipment: The asset is shipped to the vendor for analysis and servicing.

Vendor Report and Quality Review: A complete report is returned from the vendor to the Oshkosh QM for review and analysis. The vendor is directed to correct the SECREP deficiencies, and the warranty is processed and honored.

Return of Serviceable Asset: The asset is returned to the RIP in a ready-for-issue condition at no additional cost.

Data Analysis and Reporting: All applicable data is input into a repository file as a historical audit trail and for future analysis.

9.2 Warranty Registration:

SECREPs in the Oshkosh LIS Program are covered by a warranty that starts the date of delivery to the customer (RIP). Registration for warranties will be initiated by RSR personnel completing the warranty registration card (affixed to the SECREP's packaging) and forwarding the warranty registration card to the Warranty Department Representative located in Oshkosh, Wisconsin for registration input to the Warranty Tracking mechanism. Warranty Periods for each SECREP will be addressed as part of Oshkosh's ROR proposal for each candidate SECREP.

9.3 Warranty Exceptions:

Although each NSN will have a warranty tailored for the particular commodity, most of the SECREPs will have the same denial criteria. For instance, if an engine has been RORd and fails pre-maturely due to operator error or inappropriate maintenance actions performed by the user, the warranty will be void. Example: Engine fails due to MOGAS being used instead of Diesel Fuel.

10.0 SERIAL NUMBER TRACKING AND CONTROL

Oshkosh will utilize the CLS website for serial number tracking and control. This will enable us to conduct failure analysis on an individual serial number to ascertain actual mean-time-between-failure (MTBF) and will allow us to identify failure trends and warranty candidates. The Marine Corps will have complete visibility of SECREP serial numbers for warranty registration and claims purposes. Serial numbers are tracked through all phases of program materiel movement, including issue, receipt, ROR, and disposal. Oshkosh offers a complete "cradle-to-grave" audit trail compliant with the established precepts of the Federal Acquisition Regulation (FAR), Part 45. Additionally, Oshkosh's website will provide visibility on all NSNs and serial numbers.

10.1 Surge Requirements

Oshkosh has mitigated the risk by having the capability to incorporate multiple sourcing of vendors for each item on contract task order. The ability to "turn on" more vendors equates to increased capacity and production. By providing multiple repair locations, Oshkosh can distribute workload and prevent any backups in production. Upon identification of surge requirements, Oshkosh and the MCPO will jointly determine which SECREPS will require increased production rates. Oshkosh will in turn notify their affected vendors to increase production rates and reduce turn time to meet the surge requirements. Oshkosh already works closely with our vendor base and can coordinate for additional shifts at most vendors. Some vendors have a capability of running 24 hour/3 shift operations. The primary methodology of managing Surge Requirements is as follows:

- Ascertain workload increase (by percentage)
- Forecast increase utilizing historical consumption
- Coordinate vendor base additional workload
- Coordinate additional work shifts
- Report progress to Government Program Office.

Priority requirements for transportation and ROR expediting will be addressed to and approved/directed by the Contracting Officer prior to execution of any expediting efforts. Unlike pre-approved O&A costs for SECREP core items, the additional costs for vendor expediting, priority shipping, and any applicable management fees cannot be pre-determined.

10.2 Support Of Contingencies

One of our future capabilities for the SECREP program is en-route support during deployments or contingency operations; Oshkosh can ship items worldwide to any location by leveraging our worldwide distribution network. We can package multiple SECREPs into a shipping container that will match the deployed unit's requirements and transport the container to a port or field unit location. Retrograde of carcasses will be handled in the reverse order. As discussed previously, by having Oshkosh representatives co-located at each of the MEF RIPs, Oshkosh will be able to work hand-in-hand with Marine Corps supply personnel to ensure that close coordination for materiel support is achieved not only in a garrison environment but also in a deployed location. Oshkosh personnel shall be prepared to support forward deployed RIP's at the direction of the GCO. As with any hostile location, Oshkosh Program Management will coordinate directly with the MCPO to determine if any special provisions are required to deploy contractors into forward areas. Upon request, Oshkosh will coordinate with the GCO in making the appropriated modifications to the contract vehicle.

11.0 DISTRIBUTION AND COLLECTION

Oshkosh will utilize CLS and its established Global Distribution Network as the primary data collection and distribution management tool for this program. These systems provide real-time tracking and visibility of SECREPs through all facets of materiel movement. By utilizing the CLS website as the primary materiel management tool for this program, program management personnel in both the Marine Corps and Oshkosh will have complete visibility of all transactions that affect the movement of materiel.

The RIPs at each MEF will be the primary distribution and collection points for this program. The RIP will also be the point of issue to the Marine Corps for all materiel RORd by Oshkosh's vendor network. Likewise, the RIP will be the location where all unserviceable SECREPs are returned for ROR. Using an established materiel issue point for distribution and collection, the Marine Corps will have a minimal transition period during the implementation of this program. This will also ensure minimal training requirements for Marine Corps personnel at the RIP sites. Oshkosh's use of our Distribution Network or ERMS for the movement of assets to any worldwide location allows us to match the appropriate transportation mode and carrier with the particular RIP requirement for timely and cost-effective approach to material movement. The CONUS sites will be supported primarily by land shipments in appropriate quantities related to demand rates. This will avoid excessive transportation charges and keep the RIP stocked at an adequate level to support normal Marine Corps operations.

11.1 Transportation Of SECREPs

In order to ensure reduced lead times on materiel shipments and maintain an on-time global delivery system, a progressive transportation system is mandatory. Oshkosh Truck Corporation currently services the Marine Corps in parts delivery. It is Oshkosh Truck Corporation's intention to extend that service into the delivery of SECREPs to ensure the meeting of delivery times when required by the Government.

11.2 Marking And Packaging For Shipping, Handling, And Storage:

The marking and packaging of materiel will be accomplished by using best business practices and in accordance with the SOW. Each SECREP will be packaged to ensure protection from the elements and foreign object damage (FOD). Large SECREPs will be palletized for easy movement and storage. Depending upon shipping location, special pallets will be utilized to meet national and international special handling requirements. For instance, the European Communities Commission has stated that wooden pallets will not be allowed access into Europe due to parasite infestation. Oshkosh Truck Corporation will utilize metal or plastic pallets to comply with this regulation, if no metal shipping container is available. Sea vans will be utilized for bulk overseas shipments whenever possible. Standard military shipping containers will be utilized for individual shipments.

When SECREPs are sent to the vendor to be RORd, the containers will also be inspected and optionally, repaired and painted as necessary.

12.0 PERFORMANCE METRICS:

As detailed in the SOW, Oshkosh Truck Corporation understands that they will be evaluated on the following three performance criteria:

1. Delivery performance
2. Order accuracy
3. Product quality and performance

Delivery Performance:
Delivery Performance will be measured and tracked in Marine Corps systems and reconciled with Oshkosh Truck Corporation. The start time will be when the ZBE transaction is inducted or when the SECREP is delivered to the vendor when shipped by ERMS. The stop time will be from the time a D6T receipt is processed or the date the item is picked up from the Oshkosh vendor when using ERMS for transportation. There will be a monthly reconciliation between Oshkosh Truck Corporation and Marine Corps personnel for items that do not appear to meet the contractually established turn times. The minimum acceptable standard for delivery performance is 95%, except as noted below:

Start Time Exceptions:
1. If a physical retrograde SECREP is not turned in simultaneously with induction of the ZBE.
2. Delays in ZBE posting and FTP file transfers.
3. If an incomplete/improperly configured SECREP is turned in.
4. If a SECREP is turned in and priority processing/delivery is requested, but the Contracting Officer has not granted approval for any additional costs.

Receipt time exceptions:
1. Marine Corps personnel are not available to receive the SECREP.
2. D6T processing delays caused by data input errors and/or RIP personnel failing to complete the receipt transaction in a timely manner.
3. Any production/shipping delays directly attributable to requirements for circumstances necessitating the prior approval/authorization of the Government Contracting Officer and production time lost awaiting authorization/ approval of over and above costs will be cause for adjusting the calculated OST.

   A = Total SECREP “ZBE” orders
   B = Total SECREP “ZBE” orders not delivered within the contractual TAT
   A-B=C
   C/A=Delivery Performance Rating (expressed as a percentage)

Order Accuracy:
This area will be measured by the number of valid, substantiated SDRs submitted within the reporting period, compared to the number of SECREPs processed during the reporting period. Areas to be reviewed are: Delivery of SECREPs to the correct requisitioner in the correct quantities, shipping damages, packaging/marking accuracy/ completeness of shipping documents. The minimum overall acceptable Order Accuracy rate is 99%.

   A = Total SECREP “ZBE” orders
   B = Total number of validated discrepancies
   A-B=C
   C/A=Order Accuracy Rating (expressed as a percentage)

Product Quality and Performance:
This is determined by tracking validated/honored PQDRs/warranty claims. The number of SECREPs processed within the reporting period will be weighed against the total number of validated/honored PQDR/warranty claims (not attributable to design defects) during the same reporting period. The minimum acceptable standard for Product Quality and Performance will be 95%.

A = Total SECREPs
B = Total validated/honored PDQR/warranty claims
A-B=C
C/A=Quality rating (expressed as a percentage)